



Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104 • PO Box 12827 • Raleigh, NC 27605 • 919-733-4222 • No. 07-2006

Notice of Public Rule-Making Hearing

On September 18, 2006, the North Carolina State Board of CPA Examiners will conduct a public rule-making hearing to consider amendments to 21 NCAC 08G .0401, .0403, .0404, .0406, .0409, and .0410.

The hearing is scheduled for 10:00 A.M. on September 18, 2006, at the Board offices at 1101 Oberlin Road, Suite 104, Raleigh.

Individuals who wish to comment on the proposed amendments may submit written comments by mail, fax, or e-mail to:

Robert N. Brooks
State Board of CPA Examiners
PO Box 12827
Raleigh, NC 27605-2827
Fax: (919) 733-4209

E-Mail: rbrooks@nccpaboard.gov

Written comments must be received by the Board no later than September 1, 2006.

Individuals who wish to attend the rule-making hearing and/or present oral comments on the proposed actions, must notify Robert N. Brooks by mail, fax, or e-mail no later than 5:00 P.M. on September 1, 2006.

Individuals who wish to make oral comments on the proposed actions must indicate which proposed amendment(s) they will address and if their comments are in favor of or against the proposed amendment(s).

Proposed Amendments to Rules
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Government Auditing Standards, June 2006 Revision

The Government Accountability Office (GAO) is soliciting comments on the exposure draft of *Government Auditing Standards, 2006 Revision* (GAO-06-729G, June 2006).

The proposed 2006 revision to GAGAS will be the fifth revision since the standards were first issued in 1972.

The 2006 Yellow Book exposure draft seeks to emphasize the critical role of high quality government audits in achieving credibility and accountability in government.

The overall focus of the proposed 2006 revised standards includes an increased emphasis on audit quality and ethics and an extensive update of the performance audit standards to include a specified level of assurance within the context of risk and materiality.

In addition, this proposed revision modernizes GAGAS, with updates to reflect major developments in the accountability and audit environment.

Finally, clarifications have been made throughout the standards.

When final, the 2006 revision will supersede the 2003 revision of the standards.

It is anticipated that the standards will become effective for audits beginning on or after July 1, 2007.

For financial audits, certain standards issued by the Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants (AICPA) have earlier effective dates.

For financial audits performed under GAGAS, the effective dates of the new ASB standards will apply.

The draft of the proposed changes to *Government Auditing Standards, 2006 Revision*, is only available in electronic format and can be downloaded from the GAO's Yellow Book Web Page, www.gao.gov/govaud/ybk01.htm.

Comments should be associated with specific references to issue numbers and/or paragraph numbers in the proposed standards and should include the rationale for any proposed changes, along with suggested revised language.

Please send your comments electronically to yellowbook@gao.gov no later than August 15, 2006.

If you need additional information please call Michael Hrapsky, Senior Project Manager, Financial Management and Assurance at (202) 512-9535, or Jeanette Franzel, Director, at (202) 512-9471.

www.nccpaboard.gov

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Emergency Order of Revocation and Notice

Todd Ellis Swanson, #23573
Greenville, SC 05/18/2006

Upon substantial evidence including sworn complaints, the Board finds that Respondent has engaged in general and specific conduct demonstrating that he is no longer fit to continue to hold a certificate as a Certified Public Accountant. Specifically, during the period of time in which he has been a licensee and has been engaged in rendering accounting services to the public, there is substantial evidence that Respondent committed each of the following acts or omissions in violation of the North Carolina accountancy laws and rules (GS §93-12(9)d and e, and 21 NCAC 8N .0201, .0202, .0203, .0207, .0210, .0212, .0301(a), .0303, and .0305):

1. In November of 2004, the Board received a complaint from a representative of Chevy Chase Bank, F.S.B., regarding letters prepared and signed by Respondent in support of an unlawful mortgage debt elimination scheme.
2. In February of 2005, the Board received a complaint from a representative of Downey Savings and Loan

Association, F.A., regarding letters prepared and signed by Respondent in support of an unlawful mortgage debt elimination scheme.

3. These complaints were also filed with the South Carolina Board of Accountancy since Respondent is licensed in both jurisdictions; however, Respondent lives and works in South Carolina.

4. Pursuant to a hearing before the South Carolina State Board of Accountancy on October 27, 2005, the South Carolina State Board of Accountancy entered a Final Order (Attachment 1) which was signed and issued on December 30, 2005, in the matter of Todd Ellis Swanson, CPA, a/k/a Todd-Ellis; Swanson, CPA, License #4808.

5. The South Carolina State Board of Accountancy, based upon a preponderance of the evidence on the whole record, determined the Findings of Fact as listed in the Final Order pages 1-3, numbers 1-10.

6. The South Carolina State Board of Accountancy, based upon careful consideration, determined the Conclusions of Law as listed in the Final Order pages 3-5, number 1-8.

7. In the Final Order, the South Carolina State Board of Accountancy revoked Respondent's South Carolina certificate and ordered that Respondent could not apply for the issuance of a new South Carolina certificate for a period of not less than three (3) years.

8. The Board finds that in light of the seriousness of the allegations and substantial evidence establishing the conduct in question, as well as evidence of the imminent danger of continued and irreparable harm to the public, the public welfare requires this emergency action.

The Board therefore issues this Emergency Order, pursuant to NCGS §150B-3(c), to revoke Respondent's certificate as a Certified Public Accountant. This Order is effective immediately at the time of service of this Order upon Respondent, and shall remain in effect until this proceeding may be concluded pursuant to NCGS §150B. This Order shall constitute the Notice of Hearing to be held for this matter in the Board Office on August 21, 2006, at 10:00 a.m.

New Exam Fees as of August 1, 2006

Effective August 1, 2006, the American Institute of CPAs (AICPA), Prometric Test Centers, and the National Association of State Boards of Accountancy (NASBA) will increase the fees charged for the Uniform CPA Examination.

Applications postmarked on or before July 31, 2006, and received by the Board on or before August 10, 2006, will be processed using the current fee schedule. Applications postmarked after July 31, 2006, regardless of when they are received by the Board, will be processed using the new fee schedule.

Exam Fees

Administrative Fees

Initial Applicant	\$230.00
Re-exam Applicant	\$75.00

Exam Section Fees

Auditing & Attestation (AUDIT)	\$187.00
Financial Accounting & Reporting (FAR)	\$175.44
Regulation (REG)	\$152.33
Business Environments & Concepts (BEC)	\$140.78

Re-Exam Applications

Recently, a number of Exam candidates have submitted re-Exam applications prior to having limitations (such as incomplete course work or proof of graduation) lifted by the Board.

In addition, many candidates have attempted to submit re-Exam applications for Exam sections that they have taken previously, but for which they have not received score notices.

Please be advised that the Board will not accept a re-Exam application from a candidate who has not had his or her limitations lifted or from a candidate who is applying to take an Exam section for which he or she previously sat, but has not yet received a score notice.

Disciplinary Action

James Michael Teal, #12797
Rockingham, NC 06/20/2006

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following findings:

1. Respondent was the holder of North Carolina certificate number 12797 as a Certified Public Accountant.
2. Respondent prepared federal individual income tax returns for a client for the years 1995 through 2003.
3. In April of 2000, Respondent replied to this client's question about the status of the client's 1999 tax return that the Respondent had "filed for an extension."
4. In April of 2001, Respondent replied to this client's question about the status of the client's 2000 tax return that the Respondent had "filed for an extension."
5. In April of 2002, Respondent replied to this client's question about the status of the client's 2001 tax return that the Respondent had "filed for an extension."
6. In 2003, Respondent replied to this client's question about the status of the client's 2002 tax return that Respondent had gotten this client "in a crack" and the Internal Revenue Service (IRS) had "no record" of this client. Respondent also told this client that the Respondent had put another client in a similar situation.
7. In April of 2004, Respondent completed and submitted to the IRS this client's 1999 federal income tax return.
8. In June of 2004, Respondent completed and submitted to the IRS this client's 2000, 2001, 2002, and 2003 federal income tax returns.
9. This client incurred penalties and late payment fees in the amount of \$2,311.24 from the late filings of these federal income tax returns.

10. This client brought suit against Respondent. Ultimately, pursuant to a North Carolina District Court ordered arbitration, Respondent was ordered to pay this client \$2,352.02 on May 4, 2005.

11. In June of 2005, Respondent paid this client the arbitration award.

12. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)e and 21 NCAC 8N .0212.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent is censured.

FASB and AICPA Seek Comments on Private GAAP

The Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) have issued a joint proposal intended to improve the financial reporting process for private company constituents.

Specifically, the joint initiative seeks constituent feedback on proposed enhancements to FASB's standard-setting procedures that would determine whether FASB should consider differences in accounting standards for private companies within Generally Accepted Accounting Principles (GAAP).

Under the proposal, FASB would implement certain improvements to enhance the transparency of its standard setting process for private companies and consider input from private company constituents.

To that end, FASB and the AICPA would sponsor and fund a joint committee to serve as an additional resource to FASB to further ensure that the views of private company constituents are incorporated into the standard-setting process.

The proposal may be found at www.pcfr.org. Comments should be sent to commentletters@pcfr.org; the comment period ends August 15, 2006.

Retired Status

"Retired," when used to refer to the status of a person, describes one possessing a North Carolina certificate of qualification who verifies to the Board that the applicant does not receive, or intend to receive in the future, any earned compensation for current personal services in any job whatsoever and will not return to active status [21 NCAC 08A .0301(b)(23)].

06/20/06	Gary Scott Cline	Kailua-Kona, HI
06/20/06	Harris Wanza Hortman	Rocky Mount, NC
06/20/06	Robert O. Hurry	Hampstead, NC
06/20/06	James Marvin Oakes	South Boston, VA
06/20/06	William A. Prosser, III	Southport, NC
06/20/06	Ernest O. Wood	Meadville, PA

Rules Proposed for Amendment

21 NCAC 08G .0401, is proposed to be amended as follows:

.0401 CPE REQUIREMENTS FOR CPAS

(a) In order for a CPA to receive CPE credit for a course:

(1) the CPA must attend or complete the course;

(2) the course must meet the requirements set out in 21 NCAC 08G .0404(a) or (c); and

(3) the course must increase the professional competency of the CPA.

(b) The Board registers sponsors of CPE courses. A CPE course provided by a registered sponsor is presumed to meet the CPE requirements set forth in 21 NCAC 08G .0404(a) if the sponsor has indicated that the course meets those requirements. However, it is up to the individual CPAs attending the course and desiring to claim CPE credit for it to assess whether it increases their professional competency.

(c) A course that increases the professional competency of a CPA is a course in an area of accounting in which the CPA practices or is planning to practice in the near future, or in the area of professional ethics or an area related to the profession.

(d) Because of differences in the education and experience of CPAs, a course may contribute to the professional competence of one CPA but not another. Each CPA must therefore exercise judgment in selecting courses for which CPE credit is claimed and choose only those that contribute to that CPA's professional competence.

(e) Active CPAs must complete 40 CPE hours, computed in accordance with 21 NCAC 08G .0409 by December 31 of each year, except as follows:

(1) CPAs having certificate applications approved by the Board in April-June must complete 30 CPE hours during the same calendar year.

(2) CPAs having certificate applications approved by the Board in July-September must complete 20 CPE hours during the same calendar year.

(3) CPAs having certificate applications approved by the Board in October-December must complete 10 CPE hours during the same calendar year.

(f) There are no CPE requirements for retired or inactive CPAs.

(g) Any CPE hours completed during the calendar year in which the certificate is approved may be used for that year's requirement even if the hours were completed before the certificate was granted. When a CPA has completed more than the required number of hours of CPE in any one calendar year, the extra hours, not in excess of 20 hours, may be carried forward and treated as hours earned in the following year. A CPA may not claim CPE credit for courses taken in any year prior to the year of certification.

(h) Any CPE hours used to satisfy the requirements for change of status as set forth in 21 NCAC 08J .0105, for reinstatement as set forth in 21 NCAC 08J .0106, or for application for a new certificate as set forth in 21 NCAC 08I.0104 may also be used to satisfy the annual CPE requirement set forth in Paragraph (e) of this Rule.

(i) It is the CPA's responsibility to maintain records substantiating the CPE credits claimed for the current year and for each of the four calendar years prior to the current year.

(j) A non-resident licensee may satisfy the annual CPE requirements including 21 NCAC 08 G .0401 in the jurisdiction in which he or she is licensed and currently works or resides. If there is no annual CPE requirement in the jurisdiction in which he or she is licensed and currently works or resides, he or she must comply with (e) of this rule.

21 NCAC 08G .0403, is proposed to be amended as follows:

.0403 QUALIFICATION OF CPE SPONSORS

(a) The Board registers sponsors of CPE courses and not courses. The Board will maintain a list of sponsors which have agreed to conduct programs in accordance with the standards for CPE

set forth in 21 NCAC 08G .0404. Such sponsors shall indicate their agreement by signing a CPE program sponsor agreement form provided by the Board. These sponsors are registered sponsors.

(b) Notwithstanding Paragraph (a) of this Rule, sponsors of continuing education programs which are listed in good standing on the National Registry of CPE Sponsors maintained by NASBA are considered to be registered CPE sponsors with the Board. These sponsors are not required to sign a CPE program sponsor agreement form with this Board.

(c) In the CPE program sponsor agreement with the Board, the registered sponsor shall agree to:

(1) allow the Board to audit courses offered by the sponsor in order to determine if the sponsor is complying with the terms of the agreement and shall refund the registration fee to the auditor if requested by the auditor;

(2) have an individual who did not prepare the course review each course to be sure it meets the standards in this Rule;

(3) state the following in every brochure or other publication or announcement concerning a course:

(A) the general content of the course and the specific knowledge or skill taught in the course;

(B) any prerequisites for the course and any advance preparation required for the course and if none, that should be stated;

(C) the level of the course, such as basic, intermediate, or advanced;

(D) the teaching methods to be used in the course;

(E) the amount of sponsor recommended CPE credit a CPA who takes the course could claim; and

(F) the date the course is offered, if the course is offered only on a certain date, and, if applicable, the location;

(4) ensure that the instructors or presenters of the course are qualified to teach the subject matter of the course and to apply the instructional techniques used in the course;

(5) evaluate the performance of an instructor or presenter of a course to determine whether the instructor or presenter is suited to serve as an instructor or presenter in the future;

(6) encourage participation in a course only by those who have the appropriate education and experience;

(7) distribute course materials to participants in a timely manner;

(8) use physical facilities for conducting the course that are consistent with the instructional techniques used;

(9) assign accurately the number of CPE credits each participant may be eligible to receive by either:

(A) monitoring attendance at a group course; or

(B) testing in order to determine if the participant has learned the material presented;

(10) provide, before the course's conclusion, an opportunity for the attendees to evaluate the quality of the course by questionnaires, oral feedback, or other means, in order to determine whether the course's objectives have been met, its prerequisites were necessary or desirable, the facilities used were satisfactory, and the course content was appropriate for the level of the course;

(11) inform instructors and presenters of the results of the evaluation of their performance;

(12) systematically review the evaluation process to ensure its effectiveness;

(13) retain for five years from the date of the course presentation or completion:

(A) a record of participants completing course credit requirements;

(B) an outline of the course (or equivalent);

(C) the date and location of presentation;

(D) the participant evaluations or summaries of evaluations;

(E) the documentation of the instructor's qualifications; and

(F) the number of contact hours recommended for each participant;

(14) have a visible, continuous and identifiable contact person who is charged with the administration of the sponsor's CPE programs and has the

responsibility and is accountable for assuring and demonstrating compliance with these rules by the sponsor or by any other organization working with the sponsor for the development, distribution or presentation of CPE courses;

(15) develop and promulgate policies and procedures for the management of grievances including, but not limited to, tuition and fee refunds;

(16) possess a budget and resources that are adequate for the activities undertaken and their continued improvement; and

(17) provide persons completing course requirements with written proof of completion indicating the participant's name, the name of the course, the date the course was held or completed, the sponsor's name and address, and the number of CPE hours calculated and recommended in accordance with 21 NCAC 08G .0409.

(d) Failure of a registered sponsor to comply with the terms of the CPE program sponsor agreement shall be grounds for the Board to terminate the agreement, to remove the registered sponsor's name from the list of registered sponsors and to notify the public of this action.

(e) Failure of a National Registry of CPE Sponsor to comply with the terms of this rule shall be grounds for the Board to disqualify the sponsor to be registered as a CPE sponsor with this Board and to notify NASBA and the public of this action.

21 NCAC 08G .0404, is proposed to be amended as follows:

.0404 REQUIREMENTS FOR CPE CREDIT

(a) A CPA shall not be granted CPE credit for a course unless the course:

(1) is in one of the ~~six~~ seven fields of study recognized by the Board and set forth in Paragraph (b) of this Rule;

(2) is developed by an individual who has education and work experience in the subject matter of the course; and

(3) uses instructional techniques and materials that are current and accurate.

(b) The ~~six~~ seven fields of study recognized by the Board are accounting and auditing, consulting services, ethics, management, personal development, specialized knowledge and applications, and taxation.

~~(1) The accounting and auditing field of study includes accounting and financial reporting subjects, the body of knowledge dealing with recent pronouncements of authoritative accounting principles issued by the standard setting bodies, and any other related subject generally classified within the accounting discipline. It also includes auditing subjects related to the examination of financial statements, operations systems, and programs; the review of internal and management controls; and the reporting on the results of audit findings, compilation, and review.~~

Accounting and Auditing

(A) Accountancy

(B) Accounting – Governmental

(C) Auditing

(D) Auditing – Governmental

~~(2) The consulting services field of study deals with all consulting services provided by professional accountants—management, business, personal, and other. It includes management consulting services and personal financial planning services. This field also covers an organization's various systems, the services provided by consultant practitioners, and the engagement management techniques that are typically used. An organization's systems include those dealing with planning, organizing, and controlling any phase of individual financial activity and business activity. Services provided encompass those for management, such as designing, implementing, and evaluating operating systems for organizations, as well as business consulting services and personal financial planning.~~

Consulting Services

(A) Administrative Practice

(B) Social Environment of Business

~~(3) The management field of study considers the management needs of~~

individuals primarily in public practice, industry, and government. Some subjects concentrate on the practice management area of the public practitioner, such as organizational structures, marketing services, human resource management, and administrative practices. For individuals in industry, there are subjects dealing with the financial management of the organization, including information systems, budgeting, and asset management, as well as items covering management planning, buying and selling businesses, contracting for goods and services, and foreign operations. For CPAs in government, this curriculum embraces budgeting, cost analysis, human resource management, and financial management in state and local governmental entities. In general, the emphasis in this field is on the specific management needs of CPAs and not on general management skills.

Ethics

(A) Behavioral Ethics

(B) Regulatory Ethics

(4) The personal development field of study includes becoming a competent people manager, which covers such skills as communications, managing the group process, and dealing effectively with others in interviewing, counseling, and career planning. Public relations and professional ethics are also treated.

Management

(A) Business Law

(B) Business Management and Organization

(C) Finance

(D) Management Advisory Services

(E) Marketing

(5) The specialized knowledge and applications field of study treats subjects related to specialized industries, such as not-for-profit organizations, healthcare, and oil and gas.

Personal Development

(A) Communications

(B) Personal Development

(C) Personnel /HR

(6) The taxation field of study includes subjects dealing with tax compliance and tax planning. Compliance covers

tax return preparation and review and IRS examinations, ruling requests, and protests. Tax planning focuses on applying tax rules to prospective transactions and understanding the tax implications of unusual or complex transactions. Recognizing alternative tax treatments and advising the client on tax saving opportunities are also part of tax planning.

Special Knowledge and Applications

(A) Computer Science

(B) Economics

(C) Mathematics

(D) Production

(E) Specialized Knowledge and Applications

(F) Statistics

(7) Tax

(A) Tax

(c) The following may qualify as acceptable types of continuing education programs, provided the programs comply with the requirements set forth in Paragraph (a) of this Rule:

(1) professional development programs of national and state accounting organizations;

(2) technical sessions at meetings of national and state accounting organizations and their chapters;

(3) courses taken at regionally accredited colleges and universities;

(4) educational programs that are designed and intended for continuing professional education activity conducted within an association of accounting firms; and

(5) correspondence courses that are designed and intended for continuing professional education activity. A CPA may claim credit for a course offered by a non-registered sponsor provided that the course meets the requirements of 21 NCAC 08G .0403(c), 21 NCAC 08G .0404, and 21 NCAC 08G .0409. The CPA shall maintain documentation proving that the course met these standards.

(d) CPE credit may be granted for teaching a CPE course or authoring a publication as long as the preparation to teach or write increased the CPA's

professional competency and was in one of the six seven fields of study recognized by the Board and set forth in Paragraph (b) of this Rule.

(e) CPE credit shall not be granted for a self-study course if the material that the CPA must study to take the examination is not designed for CPE purposes. This includes periodicals, guides, magazines, subscription services, books, reference manuals and supplements which contain an examination to test the comprehension of the material read.

(f) A CPA may claim credit for a course offered by a non-registered sponsor provided that the course meets the requirements of 21 NCAC 08G .0403(c), 21 NCAC 08G .0404, and 21 NCAC 08G .0409. The CPA shall maintain documentation proving that the course met these standards.

21 NCAC 08G .0406, is proposed to be amended as follows:

.0406 COMPLIANCE WITH CPE REQUIREMENTS

(a) All active CPAs shall file with the Board a completed CPE reporting form by the July 1 renewal date of each year.

(b) If a CPA fails to complete the CPE requirements prior to the end of the previous calendar year but the CPA has completed them by June 30, the Board may:

(1) change the CPA's status from active to conditional and require the payment of a civil penalty of one hundred dollars (\$100.00) for the first such failure within a five calendar year period; issue a letter of warning for the first such failure within a five calendar year period; and

(2) place the CPA on conditional status again and require the payment of a civil penalty of two hundred fifty dollars (\$250.00) for the second such failure within a five calendar year period; and

(3) (2) deny the renewal of the CPA's certificate for a period of not less than 30 days and until the CPA meets the reinstatement requirements set forth in 21 NCAC 08J .0106 for the third second such failure within a five calendar year period.

21 NCAC 08G .0409, is proposed to be amended as follows:

.0409 COMPUTATION OF CPE CREDITS

(a) Group Courses: Non-College. CPE credit for a group course that is not part of a college curriculum shall be given based on contact hours. A contact hour shall be 50 minutes of instruction. One-half credits shall be equal to 25 minutes after the first credit hour has been earned in a formal learning activity. For example, a group course lasting 100 minutes shall be two contact hours and thus two CPE credits. A group course lasting 75 minutes shall be only one and one-half contact hours and thus one and one-half CPE credits. When individual segments of a group course shall be less than 50 minutes, the sum of the individual segments shall be added to determine the number of contact hours. For example, five 30-minute presentations shall be 150 minutes, which shall be three contact hours and three CPE credits. No credit shall be allowed for a segment unless the participant completes the entire segment.

(b) Completing a College Course. CPE credit for completing a college course in the college curriculum shall be granted based on the number of credit hours the college gives the CPA for completing the course. One semester hour of college credit shall be 15 CPE credits; one quarter hour of college credit shall be 10 CPE credits; and one continuing education unit (CEU) shall be 10 CPE credits. However, under no circumstances shall CPE credit be given to a CPA who audits a college course.

(c) Self Study. CPE credit for a self-study course shall be given based on the average number of contact hours needed to complete the course. The average completion time shall be allowed for CPE credit. A sponsor must determine, on the basis of pre-tests, the average number of contact hours it takes to complete a course. CPE credit for self-study courses shall be limited so that a CPA completes at least eight hours of non-self study each year.

(d) Instructing a CPE Course. CPE credit for teaching or presenting a CPE course

for CPAs shall be given based on the number of contact hours spent in preparing and presenting the course. No more than 50 percent of the CPE credits required for a year shall be credits for preparing for and presenting CPE courses. CPE credit for preparing for and presenting a course shall be allowed only once a year for a course presented more than once in the same year by the same CPA.

(e) Authoring a Publication. CPE credit for published articles and books shall be given based on the number of contact hours the CPA spent writing the article or book. No more than 25 percent of a CPA's required CPE credits for a year shall be credits for published articles or books. An article written for a CPA's client or business newsletter is not applicable for this CPE credit.

(f) Instructing a College Course. CPE credit for instructing a graduate level college course shall be given based on the number of credit hours the college gives a student for successfully completing the course, using the calculation set forth in Paragraph (b) of this Rule. Credit shall not be given for instructing an undergraduate level course. In addition, no more than 50 percent of the CPE credits required for a year shall be credits for instructing a college course and, if CPE credit shall also be claimed under Paragraph (d) of this Rule, no more than 50 percent of the CPE credits required for a year shall be credits claimed under Paragraph (d) and this Paragraph. CPE credit for instructing a college course shall be allowed only once for a course presented more than once in the same year by the same CPA.

21 NCAC 08G .0410, is proposed to be amended as follows:

.0410 PROFESSIONAL ETHICS AND CONDUCT CPE

(a) As part of the annual CPE requirement, all active CPAs shall complete CPE on professional ethics and conduct as set out in 21 NCAC 08N. They shall complete either two hours in a group study format or four hours in a self-study format. These courses shall be approved by the Board pursuant to 21 NCAC 08G .0400. This CPE shall be

offered by a CPE sponsor registered with the Board pursuant to 21 NCAC 08G .0403(a) or (b).

(b) A non-resident licensee ~~who maintains an office whose primary office is in North Carolina~~ must comply with Paragraph (a) of this Rule. All other non-resident licensees may satisfy Paragraph (a) of this Rule by completing the ethics requirements in the jurisdiction in which he or she ~~resides~~. is licensed as a CPA and works or resides. If there is no ethics CPE requirement in the jurisdiction where he or she ~~currently resides~~, is licensed and currently works or resides, he or she must comply with Paragraph (a) of this Rule.

Final Reminder: Certificate Renewal

As a reminder, any licensee who did not complete the annual certificate renewal prior to July 1, 2006, will receive a Letter of Demand from the Board.

Failure to submit the completed renewal within 30 days of the mailing of the Letter of Demand will result in an automatic forfeiture of the licensee's certificate.

Upon forfeiture, the individual is no longer considered a CPA; he or she cannot use the CPA title in any way; and he or she must return his or her actual CPA certificate to the Board within 15 days.

Certificates Issued

At its June 20, 2006, meeting, the Board approved the following applications for licensure:

Di-An T. Green

Raghavan Jagannathan Iyengar

Board Meetings

August 21

September 18

October 23

November 20

December 18



State Board of CPA Examiners

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